

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 INT-05 AID-05 /028 W

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R 120425Z JAN 76

FM AMEMBASSY KABUL

TO SECSTATE WASHDC 5737

INFO AMEMBASSY NEW DELHI

USDOC WASHDC

UNCLAS KABUL 0219

E.O. 11652: N/A

TAGS: EMIN, AF

SUBJECT: BUMINES REQUEST FOR INFORMATION ON IRON ORE DEPOSITS  
AND FOREIGN INVESTMENT LAWS IN AFGHANISTAN

REF: STATE 003284

FOR MEPD

ATTENTION: DEPARTMENT OF INTERIOR, BUREAU OF MINES, AND EB/  
ICD/ISM

1. THE FOLLOWING INFORMATION IS IN RESPONSE TO REQUEST FROM  
AMERICAN METAL CLIMAX (AMAX) FOR LATEST INFO ON AFGHAN IRON  
ORE DEPOSITS.

2. BEST AVAILABLE INFORMATION ON AFGHAN IRON ORE (AND OTHER  
MINERAL) DEPOSITS CONTINUES TO BE THE REPORT WRITTEN IN 1967 BY  
THE THEN MINERALS & PETROLEUM ATTACHE AT EMBASSY, CHARLES W.  
SWEETWOOD, ENTITLED "IMPORTANT MINERAL OCCURRENCES IN  
AFGHANISTAN." THIS REPORT WAS TRANSMITTED AS KABUL'S A-24  
OF 1968 AND WAS REPRODUCED IN MAY, 1970, BY THOMAS H. MINER &  
ASSOCIATES, A U.S. CONSULTING FIRM THEN IN AFGHANISTAN UNDER  
USAID CONTRACT. UNFORTUNATELY, THE EMBASSY NO LONGER HAS A  
REPRODUCIBLE COPY. IT MAY BE AVAILABLE FROM DEPARTMENT OF STATE  
FILES OR THE MINER CO. THAT REPORT SINGLES OUT THE  
HAJIGAK DEPOSIT TO BE OF SIGNIFICANCE. THAT DEPOSIT,  
LOCATED ABOUT 86 MILES WEST OF KABUL AT AN AVERAGE ELEVATION  
OF ABOUT 13,000 FEET, HAS RESERVES ESTIMATED IN 1968 AS  
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FOLLOWS (IN MILLION METRIC TONS): PROVED, 110.972; INDICATED,  
317.055; POSSIBLE, 1,641.973; TOTAL, 2,070.000. THESE

EXPLORATORY HOLES HAVE BEEN DUG AND CONSIDERABLY MORE WORK IS NEEDED TO "PROVE" THE DEPOSITS.

3. UNDER A CONTRACT OF MAY, 1971, A FRENCH FIRM, "VENOT-08;" OR VENOPIC-AVON, OF PARIS, COMPLETED A "FEASIBILITY STUDY RELATING TO THE DEVELOPMENT OF THE HAJIGAK IRON ORE MINE AND THE SHABASHAK COAL MINE." THIS DOCUMENT MAY BE AVAILABLE FROM THAT FIRM OR FROM THE MINISTRY OF MINES AND INDUSTRIES, KABUL, ATTENTION: ENGR. A. S. SALAH, CHAIRMAN OF THE BOARD OF EXPERTS, ON REQUEST BY AMAX. THE EMBASSY HAS NO REPRODUCIBLE COPY, AND THE MINISTRY IS NOT PROVIDING IT FOR EMBASSIES IN KABUL. THE FEASIBILITY STUDY IN QUESTION FOCUSED ON TRADITIONAL METHODS OF ORE REDUCTION.

3. IN AN ASSISTANCE PROTOCOL SIGNED IN FEBRUARY, 1975, THE USSR PROMISED UNSPECIFIED ASSISTANCE IN CONNECTION WITH THESE DEPOSITS. NOTHING FURTHER HAS BEEN HEARD OF THIS. FOLLOWING A VISIT IN SEPTEMBER, 1975, TO TEHRAN, MINISTER OF PLANNING KHURRAM ANNOUNCED THAT THE IRANIANS WERE INTERESTED IN EXAMINING POSSIBILITIES FOR ASSISTANCE IN FINANCING OF HAJIGAK EXPLOITATION, PRESUMABLY FOCUSING ON EXPORT OF IRON ORE TO IRAN. SINCE THAT TIME, THE MINISTRY OF MINES & INDUSTRIES HAS INITIATED DISCUSSIONS WITH A NUMBER OF FOREIGN FIRMS ABOUT THIS PROJECT.

4. AS WE UNDERSTAND THE TENOR OF THESE DISCUSSIONS, THE GOA IS INTERESTED IN EXPLOITATION OF THESE DEPOSITS BY A FOREIGN FIRM EITHER UNDER CONTRACT WITH THE GOA OR IN A JOINT-VENTURE COMPANY WITH THE GOA. THERE IS NO FIRM INDICATION THAT THIS PROJECT WILL GO FORWARD IN THE NEAR FUTURE. OUR UNDERSTANDING IS THAT THE GOA IS ATTEMPTING TO ASCERTAIN COSTS AND PROSPECTS OF DEVELOPING THIS DEPOSIT, PRIOR TO DECIDING WHETHER TO PURSUE IT.

5. A MINERALS LAW FOR AFGHANISTAN HAS BEEN IN DRAFT STATUS FOR SEVERAL YEARS, BUT HAS NOT BEEN APPROVED OR ISSUED. THERE IS A FOREIGN AND DOMESTIC PRIVATE INVESTMENT LAW CURRENTLY IN EFFECT, WHICH SPECIFIES RIGHTS AND PRIVILEGES  
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OF PRIVATE INVESTORS, BUT WOULD NOT BE APPLICABLE TO A JOINT-VENTURE WITH THE GOA. IN THE ABSENCE OF RELEVANT LAW, TERMS AND CONDITIONS OF AN INVESTMENT WITH THE GOA UNDOUBTEDLY WOULD BE DETERMINED THROUGH NEGOTIATIONS BETWEEN THE GOA AND THE PRIVATE FIRM INVOLVED. THE BEST PRECEDENT FOR SUCH AN ARRANGEMENT WOULD BE CONTRACTS BETWEEN U.S. FIRMS AND THE GOA FOR USAID-FUNDED PROJECTS.  
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